GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:570
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Capital Infusion in Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any proposal for capital infusion in Public Sector Banks (PSBs) over the next five years to meet the new global prudential capital requirement popularly known as Basel III norms;
(b) if so, the details thereof along with the details of capital infused to PSBs during the last three years and the current year, bank-wise;
(c) whether capital infusion in the banks would enable them to enhance their growth and tackle bad loans and curtail their ability to lend private investment and if so, the details thereof;
(d) whether the Government has put in place any mechanism to monitor the said funding to the banks periodically; and
(e) if so, the details thereof and if not, the reasons therefor along with the steps taken/being taken by the Government for strengthening the PSBs?

Answer

The Minister of State in the Ministry of Finance

a) to (c) :The Government had announced "Indradhanush", a plan to revamp Public Sector Banks (PSBs) and as part of that, a program of capitalization to ensure that PSBs remain Basel -III compliant, was also announced under which Rs. 70,000 crore is supposed to be provided between 2015 to 2019. The capital infusion by the Government in PSBs is done with twin objective of adequately meeting the credit requirement of the productive sectors of economy as well as to maintain regulatory capital adequacy ratios in PSBs as per Basel-III norms. Details of capital infused in PSBs during last 3 years and current year are Annexed.

(d) & (e) : Government has put in place a mechanism of Key Performance Indicators (KPI) on Annual Goals to give targets and monitor the performance of the Public Sector Banks (PSBs) on various performance parameters. Meetings are also conducted at the level of Finance Minister to review performance of the Public Sector Banks at regular intervals.

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